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Hospital Groups File Lawsuit Over Illegal Rule Mandating Public Disclosure of Individually Negotiated Rates

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WASHINGTON, DC (December 4, 2019) – Today, four national organizations representing hospitals and health systems sued the federal government, challenging last month's contract disclosure rule from the Centers for Medicare & Medicaid Services (CMS).

The legal challenge became necessary after the administration finalized the rule, despite offers from the hospital community to work together to find alternative solutions that would allow hospitals to provide every patient with meaningful cost-sharing information, including most importantly their out-of-pocket costs.

At issue is a provision that mandates public disclosure of individually negotiated rates between commercial health insurers and hospitals. The lawsuit asks the court for relief on the ground that the U.S. Department of Health and Human Services (HHS) lacks statutory authority to require and enforce this provision.

Additionally, the lawsuit makes the argument that the provision violates the First Amendment by compelling the public disclosure of individual rates negotiated between hospitals and insurers in a manner that will confuse patients and unduly burden hospitals.

The American Hospital Association (AHA), the Association of American Medical Colleges (AAMC), the Children's Hospital Association (CHA), and the Federation of American Hospitals (FAH) filed their lawsuit against HHS in the U.S. District Court for the District of Columbia. The associations are joined in the suit by hospital plaintiffs: Memorial Community Hospital and Health System in Blair, Neb.; Bothwell Regional Health Center in Sedalia, Mo.; and Providence Holy Cross Medical Center in Mission Hills, Calif.

"America's hospitals and health systems stand with patients and are dedicated to ensuring they have the information needed to make informed health care decisions, including what their expected out-of-pocket costs will be," said Rick Pollack, president and CEO of the AHA. "Instead of giving patients relevant information about costs, this rule will lead to widespread confusion and even more consolidation in the commercial health insurance industry. We stand ready to work with CMS and other stakeholders to advance real solutions for patients."

"Patients deserve to have the most relevant information when they are making decisions about their health care. Unfortunately, CMS' final rule will only create confusion for patients," said David Skorton, M.D., president and CEO of the Association of American Medical Colleges. "We urge CMS to work with us to find the best way forward for patients."

"Children's hospitals care for children with the most complex conditions, and the majority of our patients are covered by Medicaid. We are concerned our patient families may confuse these commercial rate disclosures and not seek essential care for their children," said Mark Wietecha, president and CEO of CHA.

"CMS' final rule fails to offer patients easy-to-understand information regarding their out-of-pocket obligations for care - so we feel obligated to contest the regulation. We contend the agency exceeded its authority and should go back to the drawing board," said Chip Kahn FAH president and CEO.

For additional information, a copy of the complaint can be found by visiting www.aha.org (<https://www.aha.org/legal/litigation>).

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About the AHA

The AHA is a not-for-profit association of health care provider organizations and individuals that are committed to the improvement of health in their communities. The AHA is the national advocate for its members, which include nearly 5,000 hospitals, health care systems, networks and other providers of care. Founded in 1898, the AHA provides education for health care leaders and is a source of information on health care issues and trends. For more information, visit www.aha.org (<https://www.aha.org>).

About the AAMC

The Association of American Medical Colleges is a not-for-profit association dedicated to transforming health care through innovative medical education, cutting-edge patient care, and groundbreaking medical research. Its members are all 151 accredited U.S. and 17 accredited Canadian medical schools; nearly 400 major teaching hospitals and health systems, including 51 Department of Veterans Affairs medical centers; and more than 80 academic societies. Through these institutions and organizations, the AAMC serves the leaders of America's medical schools and teaching hospitals and their more than 173,000 full-time faculty members, 89,000 medical students, 129,000 resident physicians, and more than 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Additional information about the AAMC and its member medical schools and teaching hospitals is available at www.aamc.org (<https://www.aamc.org/>).

About the CHA

The Children's Hospital Association is the national voice of more than 220 children's hospitals, advancing child health through innovation in the quality, cost and delivery of care. For more information, visit www.childrenshospitals.org (<https://www.childrenshospitals.org>).

About the FAH

The Federation of American Hospitals (FAH), founded in 1966, is the national representative of more than 1,000 investor-owned or managed community hospitals and health systems throughout the United States. Our members include hospitals in urban and rural America, as well as inpatient rehabilitation, psychiatric, long-term acute care, and cancer hospitals. Investor-owned hospitals serve their communities proudly while providing high-quality health care to their patients. For more information, visit – FAH.org (<https://www.fah.org>).

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